

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY under the Catastrophic Event Memorandum Account (CEMA) for Recovery of costs related to the 2003 Southern California Wildfires. (U 902-M)

Application 04-06-035
(Filed June 28, 2004)

**ADMINISTRATIVE LAW JUDGE'S SECOND RULING
REQUIRING SAN DIEGO GAS & ELECTRIC COMPANY
TO PROVIDE FURTHER INFORMATION
TO SUPPLEMENT ITS APPLICATION**

Background

On June 28, 2004 San Diego Gas & Electric Company (SDG&E) filed an application to recover \$37.6 million, the California jurisdictional costs associated with the 2003 Southern California Wildfires (Wildfires) applicant believes to be in conformance with its Catastrophic Even Memorandum Account (Memo Account) as authorized in its Preliminary Statement. On July 14, 2004 an assigned Administrative Law Judge's (ALJ) Ruling required SDG&E to serve supplemental testimony. On July 27, 2004 SDG&E served Exhibit 4, *Additional Prepared Direct Testimony of Cheryl A. Shepherd* (Ex. 4).

Further Explanation is Required

Based upon a review of Ex.4, the assigned ALJ has determined that the application as filed does not provide sufficient information for the Commission to determine whether the request is reasonable and supported by the evidence. Accordingly, to allow for a full and fair review of the applicant's request, the

application must be supplemented. The deficiencies relate to the *Additional Prepared Direct Testimony of Cheryl A. Shepherd*, Ex. 4. On pages 5 and 6 there is a two-paragraph explanation of incentive compensation that states it is “based on individual and Company performance as compared to established goals.” And further, “these overheads, (payroll taxes and incentive compensation) represent additional costs incurred as a result of incremental labor costs incurred and are not merely an allocation of existing overhead costs.” This response is inadequate to explain the derivation of the amount requested for incentive compensation. Equally, the explanation for the payroll taxes fails to explain its derivation.

1. For payroll taxes, describe with precision and detail the exact process and source materials relied upon to derive the \$680,000 total payroll tax and the final allocation of \$426,000 to the Wildfires Memo Account. (Exhibit J, p. 3 of 3 attached to Ex. 4.)
2. For Incentive Compensation, describe with precision and detail the exact process and source materials relied upon to derive the \$726,000 total Incentive Compensation and the final allocation of \$426,000 to the Wildfires Memo Account. (Exhibit J, p. 3 of 3 attached to Ex. 4.)

All responses should be provided by November 10, 2004, in the form of testimony with any necessary attached tables or support materials and sponsored by an appropriate witness, served in hard copy and electronic form to the ALJ. Responses shall also be served the current service list for Application 04-06-035. Electronic responses to the ALJ should be in fully functional Microsoft Excel or Word files. All responses should be provided as soon as practicable. As appropriate, additional references may be provided to exhibits already served in the application.

IT IS RULED that:

1. San Diego Gas & Electric Company (SDG&E) shall respond to the deficiencies in Application (A.) 04-06-035 as identified in this Ruling.
2. SDG&E shall electronically serve the responses on the service list in A.02-12-28 used for the initial filing of this proceeding and provide both hard copy and functional electronic form responses to the assigned Administrative Law Judge.

Dated October 29, 2004, at San Francisco, California.

/s/ Douglas M. Long
Douglas M. Long
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Second Ruling Requiring San Diego Gas & Electric Company to Provide Further Information to Supplement Its Application on all parties of record in this proceeding or their attorneys of record.

Dated October 29, 2004, at San Francisco, California.

/s/ Antonina V. Swansen

Antonina V. Swansen

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, *e.g.*, sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074,

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